

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY

Richmond, Michigan

ANNUAL FINANCIAL REPORT

WITH SUPPLEMENTAL INFORMATION

PREPARED IN ACCORDANCE WITH GASB 34

June 30, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

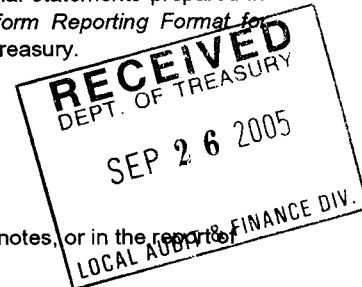
Local Government Type JOINT OWNERSHIP <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name RICHMOND-LENOX E.M.S. AMBULANCE AUTH	County MACOMB
Audit Date 6/30/05	Opinion Date 8/26/05	Date Accountant Report Submitted to State: 9/23/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report's comments and recommendations

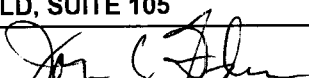


You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) BUSS & COMPANY, P.C.			
Street Address 42550 GARFIELD, SUITE 105	City CLINTON TWP.	State MI	ZIP 48038
Accountant Signature 		Date 9/23/05	
JOHN E. GIDEON			

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
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INDEPENDENT AUDITOR'S REPORT

August 26, 2005

Board of Directors
Richmond-Lenox E.M.S. Ambulance Authority
Richmond, Michigan 48062

Honorable Members:

We have audited the accompanying financial statements of the Richmond-Lenox E.M.S. Ambulance Authority (the Authority) as of June 30, 2005 and 2004, and for the years then ended as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richmond-Lenox E.M.S. Ambulance Authority, as of June 30, 2005 and 2004, and the changes in its financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (identified in the table of contents) is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

BUSS & COMPANY, P.C.


Certified Public Accountants

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RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2005

Using this Annual Report

This annual report consists of the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. Along with the footnotes, they provide detailed financial information concerning the Authority. This section, the Management's Discussion and Analysis, is intended to provide an overview of the Authority's financial condition, results of operations, and other key information.

Financial Overview

In analyzing the Authority's financial position, it is important to recognize the purpose of the Authority. The Richmond-Lenox E.M.S. Ambulance Authority was organized by the Townships of Lenox and Richmond. The organization was established in a nonprofit capacity to provide the citizens of the two townships with an efficient and complete emergency medical service. This service has been extended to include surrounding communities through contractual agreement. The Authority is governed by a board composed of elected members from the Townships of Lenox and Richmond.

The following table shows the major components of net assets for June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Capital Assets	\$1,144,019	\$1,102,311
Other Assets	<u>330,230</u>	<u>321,056</u>
Total Assets	<u>\$1,474,249</u>	<u>\$1,423,367</u>
Long-Term Liabilities	\$ 569,921	\$ 634,716
Other Liabilities	<u>381,887</u>	<u>270,393</u>
Total Liabilities	<u>\$ 951,808</u>	<u>\$ 905,109</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 508,954	\$ 391,165
Unrestricted	<u>13,487</u>	<u>127,093</u>
Total Net Assets	<u>\$ 522,441</u>	<u>\$ 518,258</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended June 30, 2005

Financial Overview (Continued)

The following table shows the major components of the increase in net assets for the year ended June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Revenues:		
Charges for services	\$ 897,143	\$ 764,054
Municipal subsidies	266,836	254,500
Interest	556	4,520
Grants/donations/other	<u>278,451</u>	<u>202,273</u>
Total Revenues	<u>\$1,442,986</u>	<u>\$1,225,347</u>
Expenses	<u>(1,438,803)</u>	<u>(1,303,621)</u>
Change in Net Assets	\$ 4,183	(\$ 78,274)
Net Assets - Beginning	<u>518,258</u>	<u>596,532</u>
Net Assets - Ending	<u>\$ 522,441</u>	<u>\$ 518,258</u>

The Authority experienced an increase in net assets of \$4,183. Key reasons for the change in net assets were increased volume due to rising population, pursuit of additional grant funding and an increase in municipal subsidies. In addition, the Authority has continued to monitor and control expenses as much as possible.

Capital Assets

Capital assets, consisting of building, equipment, and vehicles were added during the years ended June 30, 2005 and 2004 in the amounts of \$117,840 and \$662,534, respectively.

Long-Term Debt

The Authority reduced its notes payable during the year by \$76,081. Interest expense for the years ended June 30, 2005 and 2004 was \$25,342 and \$26,059, respectively.

Contacting the Authority's Management

The financial report is designed to provide participating townships and their residents with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report please contact the Authority's Director at 34505 32 Mile Road, Richmond, Michigan 48062.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
 COMPARATIVE STATEMENT OF NET ASSETS
 June 30, 2005 and 2004

Exhibit A

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 194,226	\$ 127,489
Accounts receivable, net of allowance	<u>136,004</u>	<u>193,567</u>
Total Current Assets	\$ <u>330,230</u>	\$ <u>321,056</u>
<u>CAPITAL ASSETS:</u>		
Capital assets not being depreciated	\$ 20,012	\$ 20,012
Other capital assets, net of depreciation	<u>1,124,007</u>	<u>1,082,299</u>
Total Capital Assets	\$ <u>1,144,019</u>	\$ <u>1,102,311</u>
Total Assets	\$ <u>1,474,249</u>	\$ <u>1,423,367</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 283,158	\$ 158,575
Accrued expenses	1,252	3,455
Deferred revenue	32,333	31,933
Current portion of long-term debt	<u>65,144</u>	<u>76,430</u>
Total Current Liabilities	\$ 381,887	\$ 270,393
LONG-TERM DEBT, LESS CURRENT PORTION	<u>569,921</u>	<u>634,716</u>
Total Liabilities	\$ <u>951,808</u>	\$ <u>905,109</u>
<u>NET ASSETS:</u>		
Invested in capital assets, net of related debt	\$ 508,954	\$ 391,165
Unrestricted	<u>13,487</u>	<u>127,093</u>
Total Net Assets	\$ <u>522,441</u>	\$ <u>518,258</u>

See accompanying notes to financial statements.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For The Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES:</u>		
Ambulance service fees	\$ 853,923	\$ 726,493
Municipal subsidies	266,836	254,500
Registration fees	24,698	23,379
Operating grants	121,501	119,676
Wheelchair van user fees	6,249	6,296
Donations	675	4,870
Immunizations	12,273	7,886
Other	<u>4,910</u>	<u>14,909</u>
Total Operating Revenues	<u>\$1,291,065</u>	<u>\$1,158,009</u>
<u>OPERATING EXPENSES:</u>		
Advertising	\$ 1,285	\$ 1,736
Billing service fees	83,104	70,336
Clothing supplies	1,146	6,562
Collection fees	1,896	2,323
Committee fees	2,700	2,900
Depreciation	75,158	60,444
Dispatch services	2,212	1,800
Dues, conferences and licenses	2,101	743
Equipment and room rental	8,089	6,105
Insurance - General	118,667	101,742
Insurance - Health	90,976	86,511
Miscellaneous	22,008	10,909
Medical supplies	21,783	21,855
Office supplies	6,893	22,075
Postage	2,025	2,257
Professional services	9,713	9,313
Repairs and maintenance:		
Building	16,615	9,638
Equipment	9,080	14,632
Vehicles	22,320	25,390
Wheelchair van	11,742	11,448
Taxes - Payroll	64,924	59,472
Telephone	16,594	16,143
Textbooks	2,249	3,125

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS, CONTINUED
For The Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<u>OPERATING EXPENSES:</u> (Continued)		
Travel, entertainment, and employee relations	\$ 2,305	\$ 1,335
Utilities	14,817	14,657
Vaccines - OSHA Compliance	1,777	2,407
Vehicle operation	22,494	14,459
Vehicle operation - Wheelchair van	15,229	8,717
Wages, Retirement and Other:		
Director	58,500	56,414
Deputy Director	50,550	47,587
Paramedics	256,059	234,754
EMT and support staff	263,477	248,503
Wheelchair van driver	64,239	41,027
Overtime	<u>70,734</u>	<u>60,243</u>
Total Operating Expenses	<u>\$1,413,461</u>	<u>\$1,277,562</u>
 OPERATING INCOME (LOSS)	 (<u>\$ 122,396</u>)	 (<u>\$ 119,553</u>)
 <u>NON-OPERATING INCOME (EXPENSE):</u>		
Interest income	\$ 556	\$ 4,520
Capital grants	151,150	62,818
Gain (loss) on disposal of property	215	-
Interest expense	<u>(25,342)</u>	<u>(26,059)</u>
Total Non-Operating Income (Expense)	<u>\$ 126,579</u>	<u>\$ 41,279</u>
 CHANGE IN NET ASSETS	 \$ 4,183	 (<u>\$ 78,274</u>)
 TOTAL NET ASSETS - BEGINNING	 <u>518,258</u>	 <u>596,532</u>
 TOTAL NET ASSETS - ENDING	 <u>\$ 522,441</u>	 <u>\$ 518,258</u>

See accompanying notes to financial statements.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
COMPARATIVE STATEMENT OF CASH FLOWS
For The Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from customers	\$954,706	\$782,282
Operating grants received	121,901	117,944
Operating subsidies from other governments	266,836	254,500
Other operating receipts	5,585	19,779
Cash paid to suppliers for goods and services	(452,364)	(396,771)
Cash paid to employees	(763,559)	(688,528)
Net Cash Provided (Used) by Operating Activities	<u>\$133,105</u>	<u>\$ 89,206</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital grants received	\$151,150	\$ 62,818
Acquisition of property and equipment	(117,840)	(662,534)
Principal payments on capital loans	(76,081)	(69,757)
Interest payments on capital loans	(25,342)	(26,059)
Proceeds from disposal of assets	<u>1,189</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(\$ 66,924)</u>	<u>(\$695,532)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	\$ 556	\$ 4,520
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 66,737	(\$601,806)
CASH AND CASH EQUIVALENTS - JULY 1	<u>127,489</u>	<u>729,295</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$194,226</u>	<u>\$127,489</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>		
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating income (loss)	(\$122,396)	(\$119,553)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 75,158	\$ 60,444
(Increase) decrease in accounts receivable (net)	57,563	42,344
Increase (decrease) in accounts payable	124,583	132,236
Increase (decrease) in accrued liabilities	(2,203)	(417)
Increase (decrease) in deferred revenue	<u>400</u>	<u>(25,848)</u>
Total Adjustments	<u>\$255,501</u>	<u>\$208,759</u>
Net Cash Provided (Used) by Operating Activities	<u>\$133,105</u>	<u>\$ 89,206</u>

See accompanying notes to financial statements.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Richmond-Lenox E.M.S. Ambulance Authority was organized by the Townships of Lenox and Richmond, both being in Macomb County, Michigan. The organization was established in a nonprofit capacity to provide the citizens of the two townships with an efficient and complete emergency medical service. This service has been extended to include surrounding communities through contractual agreement. The entity is organized under the Ambulance Authority Act of the State. The Authority is governed by a board composed of elected members from the Townships of Lenox and Richmond.

The accounting policies of Richmond-Lenox E.M.S. Ambulance Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments*, issued in June 1999.

Basis of Accounting - The accounts of the Authority are organized as an Enterprise Fund, which is used to account for its operations as a provider of emergency medical services. These services are financed primarily through user charges.

The accrual basis of accounting is used to account for the operations of this Enterprise Fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of the related cash flows.

Cash and Cash Equivalents - The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

The Authority has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Authority to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools and certain mutual funds.

Accounts Receivable - The Authority's accounts receivable are comprised of amounts due from individuals, insurance companies and other third party payers. Gross accounts receivable have been adjusted for financial statement purposes, to reflect the amount expected to be collected. All receivables turned over to a collection agency have been excluded. An allowance for doubtful accounts has been established for estimated losses on accounts receivable based on bad debt experience and a review of existing accounts receivable.

Capital Assets - Capital assets, which consists of property and equipment are stated at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets.

Major classifications of property and equipment and their respective lives are summarized as follows:

<u>CLASSIFICATION</u>	<u>DEPRECIABLE LIVES</u>
Land improvements	15 years
Furniture and fixtures	3-7 years
Vehicles	5-10 years
Equipment	5-10 years
Building improvements	10-39 years

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Comparative Data/Reclassifications - Comparative data for the prior year have been presented in order to provide an understanding of the changes in financial position and operations of the Authority.

NOTE 2 - CASH AND CASH EQUIVALENTS:

The Authority's cash and cash equivalents consist of bank deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2005, \$97,820 of the Authority's bank balance of \$198,547 was exposed to custodial credit risk as follows:

	<u>INSURED</u> <u>(FDIC)</u>	<u>UNINSURED</u> <u>AND</u> <u>UNCOLLATERALIZED</u>	<u>CARRYING</u> <u>AMOUNT</u>	<u>BANK BALANCE/</u> <u>MARKET VALUE</u>
<u>DEPOSITS:</u>				
Demand deposits	\$100,727	\$ 97,820	\$194,226	\$198,547

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable as of June 30, 2005 and 2004, including the applicable allowances for uncollectible accounts are as follows:

	<u>2005</u>	<u>2004</u>
Gross Receivables	\$190,383	\$252,106
Less: Allowance for uncollectibles	<u>54,379</u>	<u>58,539</u>
Net Receivables	<u>\$136,004</u>	<u>\$193,567</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 June 30, 2005

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the current year was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Capital Assets Not Being Depreciated:				
Land	\$ 20,012	\$ -	\$ -	\$ 20,012
Capital Assets Being Depreciated:				
Buildings	\$ 976,096	\$ 6,145	\$ -	\$ 982,241
Land improvements	21,614	-	-	21,614
Equipment	114,400	34,449	7,621	141,228
Vehicles	291,874	76,716	53,505	315,085
Furniture and fixtures	49,888	530	-	50,418
Subtotal	<u>\$1,453,872</u>	<u>\$117,840</u>	<u>\$ 61,126</u>	<u>\$1,510,586</u>
Less: Accumulated Depreciation for:				
Buildings	\$ 101,211	\$ 25,204	\$ -	\$ 126,415
Land improvements	8,801	1,421	-	10,222
Equipment	77,643	12,009	7,539	82,113
Vehicles	146,166	32,580	52,613	126,133
Furniture and fixtures	37,752	3,944	-	41,696
Subtotal	<u>\$ 371,573</u>	<u>\$ 75,158</u>	<u>\$ 60,152</u>	<u>\$ 386,579</u>
Net Capital Assets Being Depreciated	<u>\$1,082,299</u>	<u>\$ 42,682</u>	<u>\$ 974</u>	<u>\$1,124,007</u>
Capital Assets - Net of Depreciation	<u>\$1,102,311</u>	<u>\$ 42,682</u>	<u>\$ 974</u>	<u>\$1,144,019</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 June 30, 2005

NOTE 5 - LONG-TERM DEBT:

Long-term debt consists of the following:

Note payable to a commercial bank in monthly installments of \$3,561, including interest at 2.26%. Final payment is due in July 2006. The note is secured by vehicles.	\$ 45,572
Note payable to a commercial bank in monthly installments of \$3,783 including interest at 3.87%. Final payment is due in July 2023. The note is unsecured. Refer to Note 9 for additional information.	589,493
Total	\$635,065
Less: Current portion	65,144
Long-Term Portion	<u>\$569,921</u>

A summary of changes in long-term debt follows:

	<u>BALANCE</u> <u>7/1/04</u>	<u>ADDITIONAL</u> <u>BORROWING</u>	<u>PRINCIPAL</u> <u>PAYMENTS</u>	<u>BALANCE</u> <u>6/30/05</u>
Note payable - Vehicles	\$ 86,746	\$ -	\$ 41,174	\$ 45,572
Note payable - Vehicles	13,098	-	13,098	-
Note payable - Building	<u>611,302</u>	-	<u>21,809</u>	<u>589,493</u>
Total	<u>\$711,146</u>	<u>\$ -</u>	<u>\$ 76,081</u>	<u>\$635,065</u>

Annual debt service requirements to maturity for the above obligations are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2006	\$ 65,144	\$ 22,986	\$ 88,130
2007	27,363	21,488	48,851
2008	24,863	20,539	45,402
2009	25,842	19,559	45,401
2010	26,860	18,541	45,401
2011-2015	151,033	75,975	227,008
2016-2020	183,219	43,788	227,007
2021-2025	<u>130,741</u>	<u>8,035</u>	<u>138,776</u>
Total	<u>\$635,065</u>	<u>\$230,911</u>	<u>\$865,976</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2005

NOTE 6 - DEFERRED REVENUE:

Deferred revenue is reported in connection with resources that have been received, but not yet earned. At June 30, 2005, the components of deferred revenue were as follows:

Suburban Mobility Authority for Regional Transportation - Chesterfield Township	<u>\$ 32,333</u>
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NOTE 7 - DEFERRED COMPENSATION PLAN:

Richmond-Lenox E.M.S. Ambulance Authority has adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or financial hardship.

The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries and may not be diverted to any other use. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the financial statements of Richmond-Lenox E.M.S. Ambulance Authority.

NOTE 8 - RISK MANAGEMENT AND LITIGATION:

Richmond-Lenox E.M.S. Ambulance Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and workers' compensation, as well as medical benefits provided to employees.

The Authority has purchased commercial insurance for these claims through the Michigan Townships Participating Plan.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Based upon independent legal confirmation, there would appear to be no litigation against the Ambulance Authority which would involve monetary damages, if any, in excess of insurance policy limits.

NOTE 9 - COMMITMENTS:

The Authority completed construction of its third station during the year ended June 30, 2004. As indicated in Note 5, outstanding debt related to this project is \$589,493.

Richmond Township and Lenox Township have each committed to allocate future Community Development Block Grant funds to assist Richmond-Lenox E.M.S. in repayment of the debt associated with the construction project indicated above, as follows:

		<u>TOTAL</u>
Richmond Township	\$20,000 annually 2005-2011	\$140,000
Lenox Township	\$20,000 annually 2005-2012	160,000

BUSS & COMPANY, P.C.

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MEMBERS
The American Institute of
Certified Public Accountants

The Michigan Association of
Certified Public Accountants

August 26, 2005



Board of Directors
Richmond-Lenox E.M.S. Ambulance Authority
34505 32 Mile Road
Richmond, Michigan 48062

Re: Supplemental Systems and Internal
Control Comments and Recommendations
in conjunction with the annual audit
for the year ended June 30, 2005

Honorable Members:

We have audited the financial statements of Richmond-Lenox E.M.S. Ambulance Authority, Richmond, Michigan for the year ended June 30, 2005 and have issued our audit report thereon dated August 26, 2005. Included within the purview of the audit, are the requirements under P.A. 2, P.A. of 1968, as amended, that we review internal controls and procedures and report on the result of comments and recommendations made in the preceding year. In fulfillment of this requirement, the following items are presented. Internal control comments are made encompassing the concept that the cost of any internal control system should not be greater than the benefits obtained.

As presented in Exhibit A of the annual report, the Ambulance Authority's net assets increased from \$518,258 at June 30, 2004 to \$522,441 at June 30, 2005. A majority of the Authority's net assets are invested in capital assets, net of related debt. These assets are obviously valuable to the organization, but they are not readily convertible to cash and, therefore, not available for expenditure.

In an effort to improve the Ambulance Authority's cash flow, management has continued to work closely with the outside billing agency. The accounts receivable, net of allowance at June 30, 2005 was \$136,004, representing approximately 58 days sales compared to \$193,567 at June 30, 2004 which represented 97 days sales. Management should continue to monitor billing and collection procedures in an effort to improve the timing and amount of billings that are actually collected.

The Ambulance Authority has once again experienced significant increases in its insurance costs. The increased costs are due to increases in insurance rates and increases in property and equipment and payroll coverage bases.

This report is intended solely for the information and use of the Board of Directors, management, and others within the administration of the Richmond-Lenox E.M.S. Ambulance Authority. This restriction is not intended to limit distribution of this report which, upon acceptance by the Board of Directors, is a matter of public record.

We would like to thank the E.M.S. Officials and staff personnel for their help and compliment them on their enthusiastic attitude.

Respectfully submitted,

BUSS & COMPANY, P.C.

A handwritten signature in cursive script that reads "Buss & Company, P.C.".

Certified Public Accountants

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